

WAYNE COUNTY DHS
FORT/WAYNE DISTRICT
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INTRODUCTION

The Office of Internal Audit performed an audit of Wayne County DHS, Fort/Wayne District for the period March 1, 2007 through May 14, 2008. The objectives of our audit were to determine if internal controls in place at the local office provide reasonable assurance that departmental assets are safeguarded, transactions are properly recorded on a timely basis, and policies and procedures of the Department of Human Services (DHS) are being followed. Fort/Wayne District had 113 full-time equated positions (FTE's) at the time of our review. Fort/Wayne District provided assistance to an average 28,688 recipients per month during FY 2007, with total assistance payments of \$50,513,458 during that year.

SCOPE

Our audit was performed in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. We obtained descriptions of significant systems operating at Fort/Wayne District, documented those systems, and evaluated controls in each system. We tested the systems for compliance, where feasible. Our audit included the following:

| | |
|-------------------------------|------------------------|
| Cash Receipts | Cash Disbursements |
| Safe and Controlled Documents | State Emergency Relief |
| Direct Support Services | Client Processing |
| CIMS/ASSIST Security | Payroll Review |
| Procurement Card | |

EXECUTIVE SUMMARY

Based on our audit, we conclude that the Fort/Wayne District internal controls need improvement in order to provide management with reasonable assurance that assets are safeguarded and transactions are executed in accordance with management's authorization.

We found controls were adequate in the area of the Procurement Card usage. However, we found instances of noncompliance with DHS policies and procedures and weaknesses in internal controls which are detailed below.

DISTRICT OFFICE RESPONSE

The management of Wayne County DHS, Fort/Wayne District has reviewed all findings and recommendations included in this report. They indicated in a memorandum dated July 3, 2008 that they disagree with findings # 4, 5, 6, and 8 and they are in general agreement with the other findings and corrective action is being taken.

FINDINGS AND RECOMMENDATIONS

Cash Receipts

Daily Record and Disposition of Negotiables (DHS-61)

1. Fort/Wayne District did not maintain a copy of the Record and Disposition of Checks/Warrants (DHS-61) log in the mail room for negotiables received in the district office as required by Accounting Manual Item 431. Instead, the mail logs are only maintained in the fiscal office. Accounting Manual Item 431 requires the mail clerks to sign the DHS-61 log, make a copy and release the original log and negotiables to the fiscal office for processing. Retaining a copy of the DHS-61 in the mail room provides an audit trail of negotiables that are received in the office.

WE RECOMMEND that Fort/Wayne District retain a copy of the DHS-61 logs in the mail room.

Employment Support Services

Missing Documentation for Vehicle Purchases and Repairs

2. Fort/Wayne District did not have all the necessary case documentation for a vehicle repair or purchase on file. Five out of the 11 cases could not be located, one case did not have all the documents to support the payment, 4 cases did not contain the Support Services Determination Form (DHS-4749), and three cases did not have the MIS form. The Program Eligibility Manual (PEM) Item 232 requires the MIS form, DHS-4749, the reason for the repair or purchase, the invoice, the payment document and approval documents necessary to support the payment.

WE RECOMMEND that Fort/Wayne District complete and maintain all necessary forms in the case record to support the purchase or repair of a vehicle.

State Emergency Relief

Missing Case File Documentation to Support SER

3. The Fort/Wayne District did not have complete case file documentation to support the SER payments. Two out of 29 cases could not be located, three cases did not have an application (DHS-1171) on file and 4 cases did not have SER payment information. SER payment information includes the SER application, SER budget, decision notice, and invoice. Two cases were missing the Authorization Invoice (DHS-849) or accepted transaction screen dump. Three cases were missing the Medical Authorization (DHS-93) and the original invoice as required by the State Emergency Relief Manual Item 103.

In addition, we found one case where a duplicate SER payment was made for relocation services in the amount of \$620. Maintaining case file documentation will ensure the SER payments made are properly supported, documented and appropriate.

WE RECOMMEND that Fort/Wayne maintain case record documentation to support payments made on behalf of a client and initiate the process to recoup the over paid \$620.

Cash Disbursements

Missing Case File Documentation

4. Fort/Wayne District did not have complete case information for Emergency Service (ES) payments and Medical Transportation (MT) payments reviewed. Two out of the 6 ES cases reviewed did not contain the Exception Notice (WC-14), 2 cases were missing a copy of the Payment Authorization (DHS-1291) and one case selected for review did not contain any ES payment information. The Emergency Relief Manual 209 requires the case record to contain the payment documents to ensure the payment made was appropriate and properly supported.

In addition, we selected 11 medical transportation cases and found that 5 (45%) cases did not contain the application (DHS-1171), budgets and screen dumps for the time period reviewed. Instead, we found that the specialist maintained a file of Medical Needs Statements (DHS-54A) for all clients and payment documents are maintained at the Central Fiscal Unit.

WE RECOMMEND that Fort/Wayne case file records contain the necessary documentation to support the payments made.

Client Processing, Cash Disbursements, SER Payments, DSS Payments

Improper packeting of Case Records and Missing Workers Signatures

5. Fort/Wayne District did not properly packet case files for 14 out of 69 (20.3%) cases reviewed. The screen dumps and verifications were placed inside the application or the budgets and screen dumps were placed in the case record. Reference Forms and Publications Manual (RFF) 3524 states the case packet cover sheet is to be used to organize the case information to easily locate specific case information. The PAM Manual Item 300 page 2 requires the case record to contain accurate, complete, well organized information in each program section. Maintaining the case record in correct packet order will help ensure that the necessary information has been received and is used to support payments made.

In addition, Fort/Wayne District did not have workers signature and date recorded on the client application (DHS-1171) for 6 out of 69 (8.7%) cases reviewed. Reference Forms and Publications Manual (RFF) 1171 states that a department representative must sign and date next to the client's signature on the application.

WE RECOMMEND that Fort/Wayne District packet the case records in an organized manner and ensure all applications are signed and dated by the worker.

CIMS/ASSIST Security

CIMS Security Agreements

6. Fort/Wayne District did not have accurate, up-to-date CIMS Security Agreements (DHS-3974) for 9 out of 111 workers who access the Client Information Management System (CIMS), as required by L-Letter 97-063. One employee did not have a CIMS Security Agreement on file, 5 employees have different names on the PF-011 report

than on the Security Agreement and 3 employees have different CIS status on the PF-011 report than on the CIMS Security Agreement.

In addition, 2 employees have 2 operator I.D. numbers listed on the PF-011 report. An accurately completed Security Agreement is necessary to document that the employee understands the responsibilities associated with their CIMS access, and that the supervisor approves the level of CIMS access.

We also noted that 8 employees have separated from employment but are still in active status on the Operator Identification Report Number PF-011.

We further noted that the Security Coordinator was not receiving the PF-011 report or the VB9-554 report to ensure that all CIMS status and the job types listed on the report are reflected on the CIMS and ASSIST Security Agreements and Enrollment Profiles.

WE RECOMMEND that Fort/Wayne District ensure that all employees who have access to CIMS have an accurate, up-to-date Security Agreement on file and separated employees are deleted off the system.

WE FURTHER RECOMMEND the security coordinator receive the PF-011 and VB9-554 report on a monthly basis to ensure the accuracy of the Security Agreements and Enrollment Profiles.

ASSIST Security Agreements and Enrollment Profiles

7. Fort/Wayne District did not have accurate up-to-date ASSIST Security Agreements (DHS-3721) or ASSIST Enrollment Profiles for all employees who access ASSIST as required by L-Letter 97-156. One out of 121 employees did not have an ASSIST

Security Agreement or Enrollment profile on file. The job types for 3 employees were different on the Enrollment Profile than was listed on the ASSIST Monthly User Listing (VB9-554). Three employees had a name change that is not reflected on the VB9-554 report but the Security Agreements and Enrollment Profiles are updated. An accurately completed ASSIST Enrollment Profile and Security Agreement is necessary to document the employee understand what job types and what level of security they have.

In addition, 4 employees are on medical leave and 17 are separated from employment and are still listed as active on the VB9-554 report.

WE RECOMMEND that all employees have accurate up to date ASSIST Security Agreements and Enrollment Profiles.

WE FURTHER RECOMMEND that employees that have separated from employment or are non-active are removed from the VB9-554 report.

Security Officers Log Report (PD-180)

8. Fort/Wayne District did not reconcile the Security Officers Log Report (PD-180) to the Security Agreements (DHS-3974A) as required by L-Letter 97-063. The security officer reviews the report for any unusual transactions and then files the reports. Reconciling the changes recorded on the PD-180 to the signed Security Agreements ensure that all changes are accurately reflected on the Security Agreement and the workers understand the capabilities they have on the CIMS system.

WE RECOMMEND the security officer reconciles the PD-180 to the revised Security Agreements.

Daily Officer's Log Reports (VB9-173)

9. Fort/Wayne District did not reconcile the Daily Officers Log Report (VB9-173) to the ASSIST Enrollment Profile as required by the Primary Internal Control Criteria for Local/District Offices. A complete reconciliation is necessary to ensure that accurate and up-to-date Enrollment Profiles have been prepared and signed by management to provide documentation that workers are aware of the changes and understand their ASSIST access.

WE RECOMMEND that the Security Officer reconcile the VB9-173 report to the updated Enrollment Profiles.

MA-010 Reconciliation –Case openings/reopenings/warrant rewrites

8. Fort/Wayne District did not reconcile a sample of case openings/reopenings and warrant rewrites on the Transaction Control Listing (MA-010) to the case file documentation as required by the Primary Internal Control Criteria for Local Offices. Reconciliation of a sample of these transactions against the case will substantiate the reason for the transaction.

WE RECOMMEND that Fort/Wayne District reconcile a sample of these transactions to comply with the Primary Internal Control Criteria.

Safe and Controlled Documents

Monthly Inventory Reconciliation-Physical Inventory

11. Fort/Wayne District did not perform a physical inventory of controlled documents when preparing the Monthly Inventory and Reconciliation of Controlled Documents.

Accounting Manual Item 403 requires the reconciler to physically inventory the controlled documents and reconcile them to the books and records. Performing a physical inventory will ensure the amount of negotiable documents on hand reconciles to the books and records.

WE RECOMMEND that Fort/Wayne District perform a physical inventory of negotiable documents when preparing the Monthly Inventory and Reconciliation of Controlled Documents.

Payroll and Timekeeping

Reconciliation of HR-332A (B) Turnaround Report

12. Fort/Wayne District did not reconcile the turnaround HR-332A (B) to the original HR-332A report a week after payroll was run. The Primary Internal Control Criteria for Local/District Office Operations recommends that the local office reconcile the turnaround report to verify that the actual time reported agrees with the time that was originally submitted.

WE RECOMMEND that the Fort/Wayne District reconcile the turnaround HR-332A (B) report to the original HR-332A report.

Missing Signatures on Time Sheets

13. Fort/Wayne District did not have supervisor's signatures or date on 4 timesheets out of 2 payrolls tested. The Primary Internal Control Criteria for Local/District Office Operations recommends that the supervisor approves the employee timesheets attesting to the accuracy of all time reported.

WE RECOMMEND that the supervisors approve the employee time sheets by signing and dating the timesheet.